THE ROLE OF SELF HELP GROUPS IN RURAL EMPOWERMENT – A STUDY WITH SPECIAL REFERENCE TO KERALA

SYNOPSIS

1. INTRODUCTION

In this world of abundance, more than 2.5 billion people around the world lives in absolute poverty with earnings less than $ 2/ day (World Bank, 2011). Almost one-third of the world's population suffers under-nutrition due to insufficient intake of calories, protein or critical micronutrients. India being one of the south Asian countries, where poverty is so high, it has had its own share of high poverty rate. World Bank (2004) defined poverty as "a condition of insufficient income, wherein its most extreme form is the lack of basic human needs such as health services, education, drinking water etc".

Like any other developing country, India has gone through several poverty eradication programmes. That is, policies put forward by her and those prescribed by the Bretton Wood Institutions and other donor agencies, all geared at reducing poverty. Poverty reduction has been the agenda on the table of most developing countries. As a measure of reducing poverty, most of the developing countries have adopted the system of empowering the individual to be self-reliant. As a means of helping the individual to be self reliant, the Government, Non-Governmental Organizations (NGOs), Rural Banks and Commercial Banks have been giving these individuals some amount of help in the form of capital. This is to help the individual to start some income generating activities so as to save them from poverty.

The financial inclusion provides access to essential services which are needed for the life sustainability, such as income, education, health etc. which reinforces the might to face social exclusion. An inclusive financial system facilitates efficient allocation of productive resources and can potentially reduce the cost of capital. The main reason for financial exclusion is the lack of regular or sustainable income. Lack of access to credit is generally seen as one of the main reasons why many people in developing economies remain poor. The proximity to financial services is another fact –the loss to needy is not only the transportation cost but also their daily wages (income). Another point to consider is financially excluded will not be aware of banks products and services and could not decide the most suitable products for them. Usually, the poor have no access to loans from the banking system, because they cannot put up acceptable collateral and/or because the costs for banks of

screening and monitoring the activities of the poor, and of enforcing their contracts, are too high to make lending to this group profitable. Naturally they will concentrate on higher income customers whose requirements will help the banker in justifying their targets and in making reasonable profits. Access to finance will empower vulnerable groups by giving them an opportunity to have a bank account, to save and invest, to insure their property, or to partake credit there by it facilitate them to break the chain of poverty.

At the break of the 1980s, however, the poor in developing economies heaved a sigh of relief as they continually gained access to small loans with the help of so-called microfinance programmes. In a developing country context, credit is an important instrument for improving the welfare of the poor directly (consumption smoothing that reduces their vulnerability to short-term income shocks) as well as for enhancing their productive capacity through financing investment in human and physical capital (Khandker, 1995).

The demand for credit for productive investments usually comes from those poor who are less risk-averse and enables them to overcome liquidity constraints, making it possible to undertake investments that can boost production, employment and income. Formal lenders normally provide this type of credit. Informal lenders usually provide credit for consumption purposes, which can have a long-term positive impact on household productivity, allowing acquisition of skills or improvement in health status if such loans are used for education or health care. These may enhance or at least preserve the productivity of the labour force.

Commercial Banks forms a greater percentage of formal lenders in India and access to them are restricted to a small proportion of the population who can meet their stringent requirements, which include high minimum balances for account opening, onerous collateral requirements for loans, and long and costly bureaucratic processes. Banks are, furthermore, mainly urban based, thereby adding the burden of transport costs, the day’s wage forgone etc. may add to his woes if the predominantly rural population wishes to use bank facilities. Due to the lack of access to formal credit, the poor rely almost exclusively on the informal financial sector. Informal lenders innovatively seek to solve the problems of high risk, high cost and low returns that banks face when serving the poor. In practice households apply for credit, but lenders determine how much credit is allocated to them, based on their perception of the household's credit-worthiness. This often results in credit rationing that reflects the lender's perception of the household risk profile. The failure of formal banks to serve the poor is due to a combination of high risks, high costs and consequently low returns associated with such business.

Due to the failure of commercial banks to help the poor get access to credit to help them come out of poverty, economists started thinking of new ways of helping the poor get access to loans. Many different methodologies were tried by the various State Governments and the Government at the Centre to find a solution to India's problem of poverty and social inequalities. But the problems continued to remain intractable. Eventually, the realization came that this massive problem could be solved only by tackling it at the local level, by empowering local self government bodies, that is, by local governance. Necessary legislation was passed for decentralization of power and for channeling development funds through local bodies. It was at this point that what we now call "microfinance" came to mind. As a development tool, microfinance is considered as one of the important financial resources for poor people to conduct household economic and income generating activities, which can reduce their vulnerability, and allow them to accumulate capital and own valuable assets.

2. Significance of the Study

Poverty and unemployment are the twin problems faced by the developing countries; the Indian economy also is not different from this. According to the Planning Commission more than one third of India's total population i.e. 320 million live below the poverty line. Policy makers in India have realized the need for generating employment opportunities at a large scale to bring the teeming millions of its population above the poverty line. The credit needs and other financial services are provided to the rural masses in general and to the poor in particular through the rural financial markets comprising an unorganized sector consisting of commission agents, moneylenders, landlords and the like and an organized sector consisting of pyramid type co-operative credit institution – broadly classified into urban credit co-operatives and rural-credit co-operatives. Despite a wide network of rural bank branches in the country for implementing credit-linked poverty alleviation programmes, a large number of poor people continue to remain outside the fold of the formal banking system. Certain operational issues like cumbersome procedures in sanctioning of loans and insistence on collateral securities restrict the flow of credit to the poor.

The poor recovery rate of formal rural financial markets has further aggravated the situation by impinging their already fragile viability. In order to enlarge the flow of credit to the hard-core poor, the NABARD launched a scheme of organizing them into self-help groups (SHGs) and linking the SHGs with banks, in 1992. The scheme is broadly on the pattern devised by the Bangladesh Grameen Bank. Under the scheme, poor, preferably the

women are organized in the SHGs and banks are financing these SHGs for lending money those poor who are eligible for concessional refinance from the NABARD.

The rural population (about 70 per cent of the total population) suffer owing to seasonal unemployment, underemployment and disguised unemployment, the Government brought out a number of schemes which aimed at generating employment. Looking at the poverty alleviation programmes over the years a clear shift is visible in the thinking of the development planners in the nature of employment to be generated. They realize the need for transition from income generation to self-employment and from self-employment to entrepreneurship development. A large number of employments can be generated only through making many people as entrepreneurs who would in turn generate employment opportunities not only for themselves but also for others.

Credit is one of the most crucial input in the process of development. SHGs have been recognised as a supplementary mechanism for providing credit support to the rural poor. The SHGs are informal groups formed on a voluntary basis, for providing the necessary support to their members for their social and economic emancipation. Further, a review of the genesis and development of the SHGs in India reveals that the existing formal financial institutions have failed to provide finances to landless marginalized and disadvantaged groups. The origin of the SHGs could be traced to mutual aid in Indian village community. The Co–operatives are formal bodies whereas the SHGs are informal. The SHGs encourage savings and promote income-generating activities through small loans. The SHGs have reliability, stimulate savings and in the process help borrowers to come out of vicious circle of poverty. The distinguishing feature of the SHGs is creating social and economic awareness among the members. The social awareness enables the members to lead their lives in a sound hygienic environment and pursue a better living. The woman members involve themselves more in taking decisions regarding the education of their children, the investment of the family, managing the economic assets of the family and bringing up cohesion among the members of the family and others for a better living, through the empowerment gained out of participation in SHG activities.

Kerala is acclaimed for its Social achievement, education of women, zero population growth, maintenance of European level health standards etc. The state falls within the low poverty zone (0-15%) of India but still there are too many sufferers, who are mostly women (Planning commission Reports). The poverty of women is out of the inaccessibility to resources of their family, their educational backwardness and their inability or restricted

ability to take crucial family decisions. The rural women's access to savings and credit, through association with SHGs, not only elevates their economic situation and self confidence but also enable them to engage in IGAs that could gradually push them out of the clutches of poverty and leads to their economic independence.

It is generally believed that, "Empowerment" is the key to poverty alleviation. The confidence gathered by the SHG members through participation in group activities results in their empowerment and this will lead to participation in IGAs or tactful application of funds raised from cheaper sources of credit. The present study is highly significant because it takes into account, the empowerment of poor through their association with SHGs and also the sustainability of SHGs, by providing empirical evidence from Kerala.

3 Scope of the study

The study is intended to observe and empirically analyse the factors influencing the empowerment of SHG members, who are mostly poor. It also analyses the factors that influence the sustainability of SHG movement in the state. In addition the study takes in to account, the changes in socio-economic indicators of the poor, due to their association with SHGs. More than 90 per cent of the SHGs in the state are of "Kudumbashree", the poverty eradication mission of the state, which are basically NHGs. Though the rate of linkage is narrowing, the linkage is one of the prime factors to the financial sustainability of the groups. In a way, the fall in linkage shows the self sufficiency and the success of SHG movement in the state. The population of the study includes the whole of SHGs in the state, both linked and unlinked.

4 Statement of the Problem

The persistence of poverty, unemployment and rural backwardness of our country warrants microfinance interventions. Poverty in India, like that in most Asian countries, is predominantly a rural phenomenon. Rural poverty is estimated to contribute approximately 85 per cent to national poverty. More than one-half of the population living in the rural regions continues to be extremely poor. Poverty is highest among self-employed households, farmers and petty traders. In spite of these, agriculture which is mainly rural-based and the core of the Indian economy, remains the principal sector for the development and growth of the economy. Credit is one of the most crucial inputs in the process of development. Development has economic, social and political dimensions and is incomplete without developing the women who constitute about 50 per cent of the population of our country. The

inability of the formal credit institutions to deal with the credit requirements of the poor, particularly poor women in rural areas effectively has led to the emergence of the microfinance and micro credit systems.

There have been so many attempts in time past to solve or reduce poverty in rural India. We have had the Structural Adjustment Programme and Economics Recovery Programme all aimed at increasing the welfare of populates of the urban and rural area. We have also had so many different models which were geared at poverty reduction. We also had the era of subsidies to small scale farmers and artisans. Unfortunately, all these programmes failed to reduce poverty. In the face of the failure, most of the development economists started thinking of new approaches and strategies to poverty reduction. It was at this point that the idea of microfinance and Self Help Groups were developed in India. Participation of people in credit delivery and recovery and linking of the formal credit institutions to borrowers through the SHGs have been recognised as a supplementary mechanism for providing credit support to the rural poor. These groups are distinct from the co-operative societies, mainly in terms of their size, homogeneity and functions. The Non-Governmental Organisations also play an important role in preparing the members by changing their attitude to participate in group activities.

Self Help Groups were introduced as a panacea for rural poverty, through empowering the rural people, mainly rural women. The rural empowerment is expected to effect in six phases. 1. Financial Empowerment, 2. Personal Empowerment, 3. Familial Empowerment, 4. Social Empowerment, 5. Legal and Political Empowerment, and 6. Technological Empowerment. It is worthy to know how far the existence of SHGs helped the rural poor in justifying their financial needs, whether they are personally equipped to face the adversities or how far they are able to participate in community development activities etc. The study has attempted to enquire of the impact on poor, through participation in the Self Help Groups. The study has also attempted to analyse the sustainability of SHG movement in the state, along with problems faced by SHG movement.

Studies have shown that microfinance allows poor people to protect, diversify and increase their sources of income, to move out of poverty and hunger. The ability to borrow a small amount of money to take advantage of a business opportunity, to pay for school fees, or to bridge a cash-flow gap, can be a first step in breaking the cycle of poverty. Similarly, poor households will use a safe, convenient savings account to accumulate enough cash to buy assets such as inventory for a small business enterprise, to fix a leaky roof, to pay for health

care, or to send more children to school. Microfinance also helps safeguard poor households against the extreme vulnerability that characterizes their everyday existence. Loans, savings, and insurance help smooth out income fluctuations and maintain consumption levels even during the lean periods. The availability of financial services acts as a buffer for sudden emergencies, business risks, seasonal slumps, or events such as a flood or a death in the family that can push a poor family into destitution. "Kudumbashree" is the poverty eradication mission of Kerala, which operates on NHG platform and has the widest coverage across the State. Kudumbashree programs cover about 37 Lakhs families organized under 2.02 Lakhs NHGs. The total thrift collected by NHGs in the state comes to **Rs 1041 Crore** and the internal loans generated are to the tune of **Rs 4591Crore** (as on November 2011, Source www.Kudumbaswhree.org)

Though the programme is more than two decades old and many studies are available to assess its outcome, this study is a fact finding enquiry to unearth the tangible and intangible impact on the lives of SHG members. Some of the available studies has stated of a positive impact in terms access to formal savings and credit facilities, leading to improvements in their socio-economic conditions. Majority of the studies in Kerala are either region centered or district centered. Only limited studies were undergone at the state level and so far very few studies have considered the terrain angle to analyse the impact of SHG intervention.

The following are the main issues concerning the programme that are subject to probe and in-depth analysis.

1. To what extent, the Self Help Groups have been able to empower the participating members and does it really transition their lives in terms of access to income, savings, credit, and investments.
2. To delve into the sustainability of SHG movement in the state.
3. To unearth the critical problems confronted by the SHG movement in the state.
4. To check the impact of MFI intervention on SHG functioning.

Given the progress achieved by the Self Help Groups and the tremendous twists that are taking place to it, made it worthy to consider a study like this.

5 Objectives of the Study

The present study is attempted to realise the following specific objectives:

1. To study the effectiveness of SHG intervention in the empowerment of rural poor in Kerala.
2. To identify the prominent factors leading to empowerment of SHG members.
3. To understand the influence of SHGs on the borrowing pattern and fund utilisation of members.
4. To analyze the sustainability of SHG movement in Kerala.
5. To study the prominent issues confronted by the SHG movement in the state.

6 Hypotheses

To have a disciplined guidance to enquiry, the following hypotheses were formulated and tested.

H01. Membership in SHGs has not influenced the borrowing pattern of members.

H02. There is no difference in the influence of motivational factors for joining SHGs across the state.

H03. Participation of poor in SHGs has not influenced their Financial Empowerment.

H04. Participation in SHG activities has not changed the personal empowerment levels of members.

H05. SHG intervention of poor has not resulted in their Familial Empowerment.

H06. Participation of poor in SHGs has not affected their Social empowerment.

H07. Participation of the poor in SHGs has not influenced their Legal/political empowerment.

H08. There is no association between membership in SHGs and members' Technological empowerment.

H09. There is no relationship between the factors leading to the sustainability of SHG movement in the state.

H010. There is no difference in the nature and extent of problems faced by SHGs across the region, terrain and social status.

7 Methodology

The study is descriptive and analytical in nature, based on both primary and secondary data. At the first stage, available literatures were explored from various sources including articles - Regional, National, and International level, Working papers, Theses, RBI and NABARD reports, Reports of State Planning Board–Govt. of Kerala. The researcher has also visited libraries in and outside the State including CD.S (Centre for Development studies) Thiruvananthapuram, Gandhi gram Rural University (Dindigal-Tamilnadu), Pondicherry University (Pondicherry), Bharathidasan University (Trichy- Tamilnadu), Institute of Rural Management Anand (IRMA Gujarat), IIMK (Indian Institute of Management Kozhikode) and various University Libraries in Kerala. The scope of World Wide Web for collecting information also has been exploited well.

At the second stage field level data are collected from among 600 members of SHGs, by way of structured interview schedule, to analyze the perceptions of members on the Empowerment through the SHGs, they were asked to respond to various statements using five point scaling method, starting from “Strongly Disagree” (1), “Disagree” (2), “Neutral” (3), “Agree” (4), and “Strongly Agree” (5). To collect the opinion from leaders of 120 SHGs, the study has made use of a properly administered Questionnaire, with which their perceptions were measured using the five point scaling method. The respondents were identified using Survey Sampling technique.

8 Research Instrument

An interview schedule (Appendix A)was prepared with the objective of collecting all relevant information required for achieving the research objectives, from among the members of SHGs and a questionnaire (Appendix B) in proper form was also prepared to collect information from among the leaders of SHGs. Detailed discussions with academics in Rural financing and management, Kudumbashree State mission to District missions, members and leaders of various Kudumbashree units, NGO groups, other groups etc. were undergone in identifying the relevant variables to be included in instruments. The questionnaire and interview schedule were pre-tested through a pilot study before its administration.

9 The Population and Sample Design

Multistage (stratified) Random sampling method is adopted for selecting the sample beneficiaries of SHG intervention.

Table: 1.1 Sample Design				
Sl. No	District	Total No. Of SHGs as on 31/03/2012	Sample Selected (Nos)	
			SHGs	Members
1	Thiruvananthapuram	24308	37	187
2	Kollam	16749		
3	Pathanamthitta	7832		
4	Alappuzha	17377		
South	**Regional Total**	**66266**	**37**	**187**
5	Kottayam	12302		
6	Idukki	10472		
7	Ernakulam	17318	43	216
8	Thrissur	18531		
9	Palakkad	17914		
Central	**Regional Total**	**76537**	**43**	**216**
10	Malappuram	18189		
11	Kozhikkode	20752	40	197
12	Wayanad	7359		
13	Kannur	15305		
14	Kasargode	8437		
North	**Regional Total**	**70042**	**40**	**197**
	Total	212845	120	600

Source: Kudumbashree, State mission, Thiruvananthapuram.

Multistage (stratified) random sampling method was adopted for selecting the sample representatives of self help groups and its beneficiaries. The state of Kerala is divided into three regions on the basis of geographical locations i.e. South, Central and North. From each region one district is identified and selected for detailed study and analysis. The sample size for each region is fixed in proportion of regional figures to State total.

9.1 Rationale for selection from different Terrains

From the terrain wise list supplied by the representative District Mission of Kudumbashree from each region, the researcher has randomly selected a few panchayats (refer Table: 1.2). In consultation with Kudumbashree authorities of each district, the proportionate numbers of SHGs/NHGs were finalized from Hills, Plains and Coastal areas. The members to be interviewed were fixed on the criteria 'not less than three and not more than six members, based on the size of SHGs'.

Table: 1.2 Sample Design -Terrain

DISTRICT	HILLS	Shg	PLAINS	shg	COASTAL	shg	TOTAL	
							shgs	members
SOUTHERN **Thiruvananthapuram**	Peringamala	4	Karakulam	5	Kottukal	5	37	187
	Tholicodu	5	Karodu	4	Anchuthengu	5		
			Poovachal	5	Kadinamkulam	4		
CENTRAL **Ernakulam**	Kuttompuzha	5	Edathala	5	Elamkunnapuzha	5	43	216
	Kavalangadu	6	Pambakuda	6	Pallippuram	6		
			Mazhuvannoor	5	Vadakkekara	5		
NORTHERN **Kozhikode**	Kodencherry	5	Kakkodi	5	Chemancherry	5	40	197
	Koodaranhi	5	Chathamangalam	5	Chengottukavu	5		
	puthupadi	5	Olavanna	5				
TOTAL		**35**		**45**		**40**	**120**	**600**

Source: Kudumbashree, State mission, Thiruvananthapuram.

The districts selected were Thiruvananthapuram from south, Ernakulam from Central, and Kozhikode from Northern region, on the basis of highest concentration, which also justify the presence of three terrain requirements.

Table .1.3 Cronbach's Alpha Value for the variables selected for the study, among members.			
No.	Empowerment Variables	No. of statements	Cronbach's Alpha
a.	**Financial Empowerment**	**34**	
1.	Financial discipline	5	.865
2.	Participation in Financial Services	12	.822
3.	Income Generation and Utilisation	4	.728
4.	Thrift/ Savings	4	.868
5.	Credit/ Loan	4	.960
6.	Asset Acquisition	5	.821
b.	**Personal Empowerment**	**27**	
1.	Self Confidence	8	.967
2.	Freedom of Individual	6	.840
3.	Capacity Building	8	.862
4.	Positive Attitudes	5	.863
c.	**Familial Empowerment**	**13**	
1.	Impact on Family	9	.811
2.	Influence on Nurturing Wards	4	.868
d.	**Social Empowerment**	**18**	
1.	Community Participation	5	.924
2.	Social Contacts	4	.909
3.	Social Awareness and Participation	5	.879
4.	Participation in MGNREGP	4	.826
e.	**Legal and Political Empowerment**	**19**	
1.	Legal Awareness	11	.896
2.	Political Awareness and Participation	8	.876
f.	**Technological Empowerment**	**8**	
1.	Technological awareness	8	.746

***** ***Source: Primary Data***

9.2 Pilot Study

A pilot study has been conducted with 60 representative sample members of SHGs and 30 sample SHGs with equal representation from all the three Terrains, reliability of the statements were checked using Cronbach's Alpha and the results are furnished in the

following Tables. The procedure started with all the statements considered and by sequentially eliminating those statements, whose elimination might improve the Alpha value.

Table: 1.4 Cronbach's Alpha Value for the variables selected for the study, among Leaders.

No.	Sustainability Indicators	No. of statements	Cronbach's Alpha
1.	Members' Credentials	**4**	.862
2.	Group Cohesion	**4**	.812
3.	Style of Governance	**4**	.768
4.	Awareness on SHG proceedings	**4**	.896
5.	Conduct of meetings	**5**	.876
6.	Thrift Accumulation	**6**	.768
7.	SHG-Bank Linkage	**4**	.762
8.	Accounts and Audit	**4**	.765
9.	Credit Practices of the Group	**6**	.736
10.	Loan Repayment habits of members	**4**	.986
11.	Penalties imposed on members	**4**	.786
12.	Federation of SHGs	**3**	.832
13.	Donor Support and Subsidies	**4**	.734
14.	Skill Development and Training	**4**	.764
15.	Graduation to Micro enterprises	**5**	.743
16.	Marketing tactics	**3**	.711
17.	Involvement of Members in Social development	**9**	.983
18.	Political Affiliation of members	**4**	.863
19.	Groups' participation in Community development	**7**	.846
20.	MFI intervention	**8**	.714
21.	Profit Sharing	**4**	.732
22.	Empowerment levels of members	**7**	.842

***** ***Source: Primary Data***

10 Sample Size

Through the Reliability analysis the final Alpha value obtained for each and those secured a less than 0.7 Cronbach's Alpha value was deleted. The formulae used is $n \geq (1.78\ s/d)^2$. When 'n' is the sample size, 's' is the estimate of standard deviation, 'd' is the standard error of the estimate of the population parameter, and the value 1.78 is the critical value from normal test at 7.5 per cent level of significance. The sample size at 7.5% level was fixed at 588 for SHG members and 103 for SHGs. Since a greater sample size may ensure better results and for the purpose of convenience, the sample size for leaders of SHGs was fixed at 120 and that of members were fixed at 600. The samples were distributed in proportion to the number of SHGs in each region. Finally the respondents were identified through survey sampling technique and the data collected were analysed using suitable statistical tools.

15 Period of the Survey

The interview schedule and Questionnaire were administered during the period, from January 2013 to June 2013.

16 Tools Used for Analysis

The primary data collected were edited, coded, classified and analysed using Statistical Package for Social Sciences (SPSS Version 17). Univariate, Bivariate and Multivariate analysis were performed for establishing the relationship/ differences, among the variables under study, which are mentioned below.

1. Log-linear Model

Log-linear Multinomial model is one of the specialised tools in the analysis of attributes. Log-linear analysis is an extension of the two-way contingency table, where the conditional relationship between two or more discrete, categorical variables is analysed by taking the natural logarithm of the cell frequencies within a contingency table. The variable investigated by the Log-linear Models are treated as response variables and therefore these models only demonstrate the association between two variables and it is simply an alternative tool for Chi-square. By applying this model, the parameter estimates will be used for identifying the dominating aspect of the categorical variable. At the same time, the overall goodness of fit characterised by Pearson Chi-square statistic determines the association between the two categorical variables. The interesting feature of Log-Linear Models is that

they could be used with cells having less data. The tool has been applied in testing the MFI penetration in SHGs among regions and terrains.

2. Chi- Square Test of Independence

Chi –square is applied to test whether there is significant difference between two categorical variables, with classical test for independence. This test has been applied mainly for the analysis of difference in socio economic variables among regions and terrains.

3. Friedman's Test.

Friedman's Test is a non- parametric test that compares two or more variables. This test first ranks the values in each variable from low to high. The ranks assigned by the respondents in each variable are averaged and tested to find out whether the mean rank is significant or not. This is applied to test the difference in preference (motivational factors) of members in joining the SHGs.

4. Kruskal- Wallis test

Kruskal- Wallis test., it is a Non Parametric Test conducted to verify whether differences in location measured through median are statistically significant. This test has been applied to check the difference in Motivational Factors among regions or terrains.

5. Mann-Whitney U – Test

Mann-Whitney U – Test also is a Non Parametric Test, used to measure the differences in two populations using independent samples. This test has been applied to check the difference in Motivational Factors between Social Status.

6. One-way ANOVA

The One-way ANOVA is used to determine whether there are any significant differences among the means of three or more independent groups (populations). It is a way to test the equality of three or more means at one time by using variances. This test has been applied for testing the variation in means of set factors for analysis of problems faced by entrepreneurial SHGs among regions, terrains.

7. MANOVA

The MANOVA (Multivariate Analysis of Variance) is a type of multivariate analysis used to analyse data that involve more than one dependent variable at a time. MANOVA allows us to test hypotheses regarding the effect of one or more independent variables on two

or more dependent variables. It may be noted that some variables may not be significantly different among groups when considered individually, but, become significant when considered along with other variables. MANOVA has been applied in this study for testing the problems faced by SHGs among Regions, Terrains.

8. Paired t test

The *t-test* is the most popular test for comparing two samples. It is a parametric test based on a number of assumptions. The independent samples *t-test* is undertaken when samples are unrelated, with different participants in each sample. The paired samples *t- test* is undertaken when the samples are related, usually with the same participants in each sample. This test is also called the related *t-test* or repeated measures *t-test*. This test has been applied in testing the difference in borrowing pattern of SHG members, before and at present.

9. Repeated MANOVA

Repeated measures MANOVA carries the standard set of assumptions associated with an ordinary analysis of variance, extended to the matrix case: multivariate normality, homogeneity of covariance matrices, and independence. Repeated measures MANOVA is robust to violations of the first two assumptions. Violations of independence produce a non-normal distribution of the residuals, which results in invalid F ratios. Mauchly's sphericity test examines the form of the common covariance matrix. A spherical matrix has equal variances and co variances equal to zero. The common covariance matrix of the transformed within-subject variables must be spherical, or the F tests and associated p values for the univariate approach to testing within-subjects hypotheses are invalid. If the Chi-square approximation has an associated ‘P’ value less than your alpha level, the sphericity assumption has been violated. This tool is applied to test the difference in empowerment variables between the pre and present periods under consideration, among Regions, Terrains, Social status, Size of the group, Position in SHGs, and Type of group.

10. Exploratory Factor Analysis

Factor Analysis and principal component analysis are the techniques used when researcher is interested in identifying a smaller number of factors underlying a large number of observed variables. Variables that have a high correlation between them and are largely independent of other subsets of variables are combined in to factors. Both Factor Analysis and principal component analysis are data reduction techniques. The study has applied factor

analysis in analysing the problems faced by SHGs, Entrepreneurial SHGs and the Sustainability of SHG movement in the state.

17 Limitations of the Study

1. Since the consolidated data relating to all type of SHGs were not available, the study has to be restricted mainly towards the members of Kudumbashree alone.
2. The members of SHGs were not maintaining any correct record regarding their assets, liabilities, or income annually, this compelled the researcher to restrain from collection of like data, for the purpose of the study.
3. Though the researcher wanted to have an in-depth study on the IGA of SHGs, majority of them found inactive or dormant.
4. The respondents have provided the data from their memory. Hence the data may suffer from recall bias.
5. During the course of field work it was found that some of the women self help group members are seen to have come from financially well-to-do and influential families which is inconsistent to the concept of self-help groups.
6. Study being survey based, all limitations relating to Social Science studies apply.

18 Organisation of the Study

The study is organized in six chapters as follows.

1. **Introduction--** The first chapter includes the introduction, statement of the problem, objectives of the study, hypothesis, methodology, Rationale for sample selection, scope and limitations of the study, period of the study, and finally the structure of the study.
2. **Literature Review-** reviews pertinent literatures in the area of study; both theoretical and empirical issues are reviewed in the literature.
3. **Micro finance and Self Help Groups -** presents a historical and operational overview of the microfinance sector and SHGs in India and Kerala.
4. **Data Analysis I: Members' Perceptions -** discusses the methodological issues of the study and also discusses the analysis of the empirical results connected with the empowerment to members through SHGs.

5. **Data Analysis II: Perceptions and Problems of SHGs -** includes Empirical results, discussion and analysis relating to the sustainability of SHG movement in the state.

6. **Summary of Findings -** summarises the main findings of the study and provides suggestions and policy recommendations if any. It also discusses the limitation of the study and scope for future research.

19 Major Findings

1. Majority (93 per cent) of the sample respondents belonged to Kudumbashree, the state poverty eradication mission. 68 per cent of the total samples were from linked groups, of which 85 per cent were found to .maintain live linkage.

2. 75.2 per cent of the sample respondents belonged to 26-55 years, which is said to be the most productive period in the life span of Human beings. SHGs of the state are dominated by Hindus, followed by Christians and Islam. 55 per cent of the respondents were APL and the remaining were BPL.

3. Community wise, OBC/OEC maintains an absolute majority (64 per cent) in SHGs of the state. Whereas the share of SC/ST together comes to 13 per cent only. Majority (88 per cent) of the respondents were married and the share of widows was 8 per cent. 99 per cent of the respondents were found to live in permanent structures and most (75 per cent) of the families were having 4 to 6 members only.

4. Education wise, the share of respondents with +2 and above were 17 percent, 39 percent of the respondents were of SSLC, 29 percent were having primary level qualifications only, whereas 9 percent were found illiterate.

5. Occupation wise, Homemakers found dominating in all regions and Northern region has the highest share. The next important category is Self-employed.

6. Significant difference is identified in the empowerment level of members, through association with SHG/NHG activities. The difference in level of empowerment is found the highest in Legal and Political empowerment, followed by Personal empowerment, Social empowerment, Financial empowerment, Familial empowerment and Technological empowerment.

7. Financial empowerment is found influenced participation in financial services, change in credit availability, change in asset acquisition practices, influence on financial

discipline and involvement in Income generation activities. Whereas the participation in financial services is found highly influenced by participation in Insurance, change in Banking habits and involvement in Postal financial services.

8. The influence on Personal Empowerment is prioritised by the change in self confidence, acquisition of higher level positive attitudes, the strengthening of capacities and freedom of individual to the minimum.

9. The familial empowerment is the resultant of decision making at family level, ability to fight domestic violence, and on decisions relating to the wards. The impact of SHG intervention at the family level is sound, but towards nurturing of wards, the respondents found to maintain their traditional views.

10. The social empowerment is the resultant of community participation, increased social contacts, change in social awareness and participation. Through SHG intervention members have very high increase in their level of social contacts, and their rate of involvement in social activities is also found higher. Though their change in social awareness and participation in social activities is high, it is not in par with the other two variables.

11. Legal and Political empowerment is the area that has the highest transition through SHGs. There found 200 per cent increase in the legal awareness of respondents, followed by 127 per cent increase in political awareness and participation. The involvement of members in SHG activities has resulted in significant increase in the number of numbers of members elected to local governing bodies.

12. The member respondents have very little change in their level Technological awareness even, through SHGs and hence SHGs cannot be identified as a medium for technological transition of members.

13. The problems faced by the entrepreneurial SHGs were identified and grouped under five heads, of which training related problems were identified the highest, followed by fund management, marketing, revenue generation and raw material procurement problems.

14. The MFI awareness among traditional SHG members is found petty minimum and even the aware group is not highly making use of their services. Though the customers of MFIs have higher level of satisfaction on their services, most of them are reluctant for repeated service.

15. The participation of respondents in SHGs has resulted in significant changes in the volume of funds availed for various needs. Loans raised for basic life needs are having the highest change. The fall in loans for IGA may be influenced by the participation of members in MGNREGP.

16. The highest motivating factor for joining SHGs, identified by respondents is the Inspiration from Grama Panchayat member, closely followed by success stories of their predecessors. The least inspiring factor is support from Bank officials.

17. The problems faced by the general SHGs in the state were grouped under six heads, of these fund raising is identified the severe , followed by marketing, group conduct, production related, fund rotation and group dynamics problem.

18. The factors influencing the sustainability of SHGs are grouped under seven heads. They are 1. Administrative Sustainability. 2. Operational Sustainability. 3. Functional Sustainability. 4. Financial Sustainability. 5. Mission Sustainability. 6. Organisational Sustainability. and 7. Donor based Sustainability.